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in July, 1914, the business world was moving along as usual. By the end of the week the great war of Europe had demolished all the vast machinery of credit and exchange by which modern business is transacted. The headlong effort everywhere was to convert paper into gold and far-off credits into credits at home. The former period of financial inflation and seeming prosperity was being replaced by a period of liquidation—a return to basic or hard money—and gold is the unit of ultimate redemption.

In an article contributed to *The Financier* (February 17, 1917), Professor Fisher tells us that by April, 1918, prices in Russia had risen since the commencement of the war 165 per cent; in Germany, 111 per cent; in France, 87 per cent; in England, 66 per cent, and even in neutral Sweden 46 per cent. The price level in the United States had at that time risen only 19 per cent, but it is now (February 17, 1917) 40 per cent more than before the war.

To the question of what was primarily responsible for the sudden uprising of prices during such time, he says:

"I would reply that the chief causes, both abroad and at home, are (1) growing scarcity of goods, and (2) growing abundance of money. Apparently, the more important of these is, even in Europe, the growing abundance of money. To put it in a nutshell, the whole world is now suffering acutely from war-inflation. In belligerent countries this inflation has been chiefly in the form of paper-money issues, while in neutral countries it has been chiefly in the form of gold imports. The gold flowing to neutral countries like Sweden and the United States is gold displaced by paper money in belligerent countries and attracted to neutrals. . . .

"At the close of war there will undoubtedly be a great revival of interest in the problem of money and monetary standards. This will be due to the paper-money predicaments abroad and the gold predicament here."

The fact that the United States later entered into this great World War did not, as experience and further rising prices prove, change the conditions and factors herein referred to. In fact, it is another aggravating factor or cause in advancing prices.

Two primary remedies have been proposed in connection with the subject of monetary inflation, to wit: (1) Monetary reform, and (2) banking reform. Briefly stated, the first reform may be carried out through a return to basic or hard money, etc., and the second through currency reform, guaranty of deposits, etc.

As the increase of wages has not kept pace with the constantly depreciating purchasing power of money, or, in other words, with the constant appreciation of price of the things which the standard coins will buy, it has been proposed to offset this appreciation in the prices of commodities through an increase of wages. Two primary methods of securing the desired increase of wages are recognized, to wit: (1) Industrial warfare, or, in other words, strikes, such as have typified past policies of labor organizations, or (2) labor legislation in the form of old-age pensions, minimum wage laws, industrial insurance, conciliation boards, etc.

#### The Breaking Down of Competition

The second great cause of the increasing cost of living is the breaking down of competition. Two primary

remedies have been proposed: (1) Trust regulation, and (2) control of middlemen. As a means of regulating the trusts, a number of remedies have been proposed. One is to dissolve them and re-establish competition, and the other is to reorganize them and put them under government control. A method which might at least curb the great growth of certain trusts would be tariff revision downward on trust-controlled commodities. Still other reformers propose to revise the patent laws.

Another remedy for restoring competition is the control of middlemen, who have in many cases done away with formerly existing competition. This practice of agreements between middlemen has been particularly manifest since the breaking out of the war, and has been particularly noted since the cessation of hostilities; but little has been done to break it up or even discourage it. One method proposed in this connection is the supervision of middlemen's associations, while others propose the abolition of all price agreements. Another method is for the people themselves to furnish competition with the middlemen by means of co-operation among themselves. The new parcels-post law opens up an excellent avenue in this connection.

#### The Declining Per Capita Production of the Soil

The third great cause of the high and increasing cost of living is the declining per capita production of the soil. The tendency of the people in modern times is to abandon rural communities and aggregate in large cities and devote themselves to manufacturing, commercial, and distributing occupations rather than to rural agricultural and farming development. The result is that there are proportionately fewer people raising the necessities of life. Between 1890 and 1910 the average number of wage-earners in manufacturing pursuits in the United States increased 55 per cent, while those engaged in agriculture increased 40 per cent. The remedies proposed are increased available acreage—and this may be carried out through reclamation and conservation—and last, but by no means least, increased production through scientific and intensive farming.

From the foregoing it is clear that a stable international standard of value must be adopted, together with such uniform currency laws and banking systems as are best calculated to prevent monetary inflation and the attendant and inevitable recurrence of money panics and financial disturbances. Competition should be restored through trust regulation and the control of middlemen, and the per capita production of the soil still further encouraged and extended by reclamation, conservation, vocational education, farm financing, and other effective methods.

## THE LEAGUE, THE SENATE, AND THE PRESIDENT

### Negotiations Continue—Lord Grey's Letter

In our last issue the story of the negotiations in the Senate was brought down to January 23. They continued with inconsequential results for some time, and with a final understanding on the part of the Democrats that the subject would be brought back for open debate on February 10, if

a requisite number of votes could be had for such action. The conferences that preceded that decision are described below:

Senator Hitchcock, speaking for the Democrats, on January 26, said:

"When the conference assembled Senator Lodge advised the Senators present that he had been called into a meeting by certain Republican Senators, and for that reason had not been able to attend the last conference Friday. He regretted to say that he found it impossible to resume the conference for a compromise except upon the understanding that no change shall be made in the reservation on Article X or on the Monroe Doctrine. The Democratic members retired for a private conference and will make their reply to Senator Lodge Tuesday morning, at a meeting at 10.30.

"The conference up to the time its meetings were interrupted had tentatively agreed upon the preamble and all sections of the reservations except that relating to Article X, the Monroe Doctrine, and one or two minor matters, and an agreement was apparently also consummated on Article X when adjournment suddenly came, followed by the intervention of the irreconcilable Republicans."

Upon this statement Senator Lodge thus commented:

"I have only this to say about the committee meeting this morning: That I said to the committee that there is a very strong feeling among many Senators against any change in the Lodge resolutions, either in words or in substance, and that I thought it only fair to say now what I have already said in public—that there can be no compromise of principle, and that it would be impossible to secure, in my judgment, two-thirds of the Senate if any change was attempted in such articles as II and V, those relating to Article X, and the Monroe Doctrine. I said this was a mere statement of the situation."

On the 27th Senator Hitchcock issued a statement describing the negotiations of that and the previous day. He said:

"The Democratic members of this conference have considered the announcement made by Senator Lodge that he and his associates are not willing to consider any compromise on the Lodge reservation concerning Article X nor on that relating to the Monroe Doctrine.

"In reply we desire to say that we entered upon this conference without any reservations or restrictions, in the hope that we could compromise differences not only on Article X, but on all other reservations. We assumed that the other side of this conference had the same purpose.

"The unexpected interruption of the conference and the decision to refuse any compromise on Article X is all the more surprising because it seemed from expressions on both sides of the table that we were close to a possible compromise on this very important reservation by means of the following draft prepared by several Senators and already assented to by most of the members of the conference on both sides of the table before the interruption:

"The United States assumes no obligation to employ its military or naval forces or the economic boycott to preserve the territorial integrity or political independence of any other country under the provisions of Article X or to employ the military or naval forces of the United States under any article of the treaty for any purpose, unless in any particular case the Congress, which, under the Constitution, has the sole power to declare war or authorize the employment of the military or naval forces of the United States, shall by act or joint resolution provide. Nothing herein shall be deemed to impair the obligation in Article XVI concerning the economic boycott."

Later, two of the Republican conferees, Senators Kellogg and Lenroot, issued a joint statement denying that any one had agreed to the reservation quoted, and to this declaration Senators Lodge and New, the other two Republicans on the bipartisan conference, gave their assent. The statement follows:

"We have seen Senator Hitchcock's statement. The majority of the conference did not agree to the reservation affecting Article X which he published. In fact, Mr. Hitchcock himself would not agree to it. No one agreed to it. It was simply up for general discussion. The conference adjourned until Thursday in the hope something could be worked out. It ought to be understood that all we can do or assume to do is to recommend to our associates."

On January 30, the conference of the leaders of the two groups continuing, Senator Hitchcock presented a draft of a reservation prepared by former President Taft, which read as follows:

"The United States declines to assume any legal or binding obligation to preserve the territorial integrity or political independence of any other country under the provisions of Article X, or to employ the military or naval forces of the United States under any article of the treaty for any purpose; but the Congress, which, under the Constitution, has the sole power in the premises, will consider and decide what moral obligation, if any, under the circumstances of any particular case, when it arises, should move the United States, in the interests of world peace and justice, to take action therein, and will provide accordingly."

The proposition was declined by Senator Lodge, and he forthwith issued the following statement:

"Speaking for myself alone, I have only this to say, that I was unable to agree to any change in reservations 2 and 5, dealing with Article X and the Monroe Doctrine. In my opinion, reservation number 2, which provides that we shall assume no obligation of any kind under Article X except the one mentioned in the treaty, that we should ourselves respect the boundaries of other nations, cannot possibly permit of change.

"The change proposed in reservation number 5, in regard to the Monroe Doctrine, was an absolutely vital one, because it was asserted as an official interpretation by the representatives of Great Britain that the Monroe Doctrine under the treaty was to be interpreted by the League. To this I, for one, could never assent, and in view of the statement made in Paris by the British delegation, to which I have referred, I regard the line which it was proposed to strike out as absolutely necessary.

"The United States has always interpreted the Monroe Doctrine alone. It is our policy. No one else has ever attempted to interpret it, and it is something, in my judgment, which ought never to be permitted, even by the most remote implication. If we would strike out that phrase now, after it had been accepted by the Senate, it would lead to a direct inference that we left that question open. The right to interpret the Monroe Doctrine, pertaining to the United States alone, must never be open to question."

Senator Hitchcock's comment on the situation was to this effect:

"Senator Lodge said definitely he could not accept it. We then asked if the Republicans would make a counter-proposal. Senator Lodge replied that he could not make any proposition on Article X other than the one contained in the Lodge program of reservations. He said he could not consent to any modification.

"We did not take up the Monroe Doctrine at all, but Senator Lodge was equally positive that there could be no alterations of that reservation. I suggested that perhaps we could agree on some way of taking the treaty up in the Senate, but Senator Lodge said he did not care to have any meetings on that subject.

"There was no dramatic climax to the conference. It was agreed that unless some compromise could be worked on Article X it would be useless to continue the meetings."

#### LORD GREY'S LETTER

On Monday, February 2, following the publication of the letter of Lord Grey, Senator Lodge announced that he would move, on February 9, that unanimous consent be given to

have the treaty placed before the Senate, the letter of the British statesman undoubtedly contributing to this decision of the Republican leader, as will be obvious to any one reading it.

Lord Grey is still ambassador designate from Great Britain to the United States, but on a leave of absence in London in consultation with the Prime Minister and other molders of British foreign policy. The letter was addressed to the London *Times*, and technically is the message of a Briton, who happens to have been in Washington and to have studied conditions there, to his fellow-countrymen:

"Sir: Nothing, it seems to me, is more desirable in international politics than a good understanding between the democracy of the United States, on the one hand, and the democracies of Great Britain and the self-governing dominions, and, I hope, we may add Ireland, on the other. Nothing would be more disastrous than a misunderstanding and estrangement.

"There are some aspects of the position in the United States with regard to the League of Nations which are not wholly understood in Great Britain. In the hope that as a result of my recent stay in Washington I may be able to make that position better understood, I venture to offer the following observations. They represent only my own personal opinion and nothing more, and they are given simply as those of a private individual:

"In Great Britain and the allied countries there is naturally impatience and disappointment at the delay of the United States in ratifying the peace treaty and the Covenant of the League of Nations. It is perhaps not so generally recognized here that there is also great impatience and disappointment in the United States. Nowhere is the impasse caused by the deadlock between the President and the Senate more keenly regretted than in the United States, where there is a strong and even urgent desire in the public opinion to see a way out of that impasse found which will be both honorable to the United States and helpful to the world. It would be well to understand the real difficulties with which the people of the United States have been confronted. In the clear light of right understanding what seemed the disagreeable features of the situation will assume a more favorable and intelligible aspect.

#### No Charge of Bad Faith

"Let us first get rid of one possible misunderstanding. No charge of bad faith or repudiating signatures can be brought against the action of the United States Senate. By the American Constitution it is an independent body, an independent element in the treaty-making power. Its refusal to ratify the treaty cannot expose either itself or the country to a charge of bad faith or repudiation.

"Nor is it fair to represent the United States as holding up the treaty solely from motives of party politics, and thereby sacrificing the interests of the other nations for this petty consideration.

"It is true that there are party politics and personal animosities in the United States. An American who saw much of England between 1880 and 1890 said that the present conditions of politics in the United States reminded him of what he had observed in London when Gladstone first advocated home rule for Ireland. Party politics and personal animosities arising out of them operate in every democratic country. They are factors varying from time to time in degree, but always more or less active, and they operate upon every public question which is at all controversial. They are, however, not the sole, or even the prime, cause of the difficulty in the United States about the League of Nations.

"Nor is it true to say that the United States is moved solely by self-interest to the disregard of higher ideals. In the United States, as in other countries, there are cross-currents and backwaters in the national life and motives. When the nation was roused by the war these cross-currents and backwaters were swept into the main stream of action and obliterated, as they were in other countries. With the

reaction to peace and more normal conditions they are again apparent, as they are in other countries. But an American might fairly reply that whereas the self-interest of other countries which have conquered in the war is now apparent in the desire to secure special territorial advantages, the self-interest of the United States take the less aggressive form of desiring to keep itself free from undesirable entanglements, and that it does not lie with other countries to reproach the United States.

"It would be well, therefore, for the reasons both of truth and expediency, to concentrate our attention on the real underlying causes of the Senate's insistence upon reservations in ratifying the Covenant of the League of Nations.

#### Force of American Traditions

"1. There is in the United States a real conservative feeling for the traditional policy, and one of those traditions consecrated by the advice of Washington is to abstain from foreign and particularly from European entanglements. Even for nations which have been used to European alliances the League of Nations is felt to be something of a new departure.

"This is still more true for the United States, which has hitherto held aloof from all outside alliances. For the League of Nations is not merely a plunge into the unknown, but a plunge into something of which historical advice and traditions have hitherto positively disapproved. It does not say that it will not make this new departure. It recognizes that world conditions have changed, but it desires time to consider, to feel its way and to act with caution. Hence this desire for some qualification and reservation.

"2. The American Constitution not only makes possible, but under certain conditions renders inevitable, a conflict between Executive and Legislatures. It would be possible, as the Covenant of the League of Nations stands, for a President in some future years to commit the United States through the American representative on the Council of the League of Nations to a policy which the Legislature at that time might disapprove.

"The contingency is one which cannot arise in Great Britain, where the Government is daily responsible to the representative authority of the House of Commons and where in case of a conflict between the House of Commons and the Government the latter must either immediately give way or public opinion must decide between them and assert itself by immediate general elections.

"This contingency is therefore not present to our minds, and in ratifying the League of Nations we have no need to make any reservations to provide for a contingency which cannot arise in Great Britain.

"But in the United States it is otherwise. The contingency is within the region of practical politics. They have reason and, if they so desire, the right to provide against it. Reservations with this object are therefore an illustration not only of party politics, but of a great constitutional question which constantly arises between the President and the Senate, and it would be no more fair to label this with the name of party politics than it would be to apply that name to some of the great constitutional struggles which arose between the House of Commons and the executive authority in Great Britain in the days before the question had finally been settled in favor of the House of Commons.

#### American Aid Essential

"What, then, may we fairly expect from the United States in this great crisis of world policy, for a crisis, indeed, it is? If the participation of the United States was enormously helpful in securing the victory in the critical months of 1918, its help will be even more essential to secure stability in peace. Without the United States the present League of Nations may become little better than a league of the Allies for armed self-defense against a revival of Prussian militarism or against a sinister sequel to Bolshevism in Russia. Bolshevism is despotism, and despotisms have a tendency to become militaristic, as the great French Revolution proved. The great object of the League of Nations is to prevent future wars and to discourage from the beginning the growth of aggressive arguments which would lead to war.

"For this purpose it should operate at once and begin here and now, in the first years of peace, to establish a reputation for justice, moderation, and strength. Without the United States it will have neither the overwhelming physical nor moral force behind it that it should have, or if it has the physical force it will not have the same degree of moral force, for it will be predominantly European, and not a world organization, and it will be tainted with all the interacial jealousies of Europe. With the United States in the League of Nations war may be prevented and armaments discouraged, and it will not be in the power of the fretful nations of the world to disturb genuine peace. Without the League of Nations the old order of things will revive, the old consequences will recur, there will again be some great catastrophe of war in which the United States will again find itself compelled to intervene for the same reason and at no less or even greater cost than in 1917.

"It would be a mistake to suppose that the American people are prepared or wish to withdraw their influence in world affairs. Americans differ among themselves as to whether they could or ought to have entered the war sooner than they did. It is neither necessary nor profitable for foreigners to discuss this point now. What is common to all Americans and to all foreigners who know the facts is the unselfish, whole-hearted spirit in which the American nation acted when it came into the war. The immediate adoption of compulsory military service and, even more, the rationing of food and fuel in those millions and millions of households over such a vast area, not by compulsion, but by purely voluntary action in response to an appeal which had no compulsion behind it, is a remarkable and even astonishing example of national spirit and idealism.

"That spirit is still there. It is as much a part of the nature and possibilities of the American people as any other characteristic. It is not possible for such a spirit to play such a part as it did in the war and then to relapse and be extinguished altogether. It would be a great mistake to suppose that because the citizens of the United States wish to limit their obligations they therefore propose to themselves to play a small part in the League of Nations. If they enter the League as willing partner with limited obligations, it may well be that American opinion and American action inside the League will be much more fruitful than if they entered as a reluctant partner, who felt that her hand had been forced. It is in this spirit, in this hope, and in this expectation that I think we should approach and are justified in approaching consideration of American reservations.

Men of affairs and especially makers of treaties knew best how often it happens that difficulties which seem most formidable in anticipation and on paper never arise in practice. I think this is likely to be particularly true in the working of the League of Nations. The difficulties or dangers which the Americans foresee in it will probably never arise or be felt by them when they are once in the League. And in the same way the weakening and injury to the League which some of its best friends apprehend from the American reservations would not be felt in practice.

"If the outcome of the long controversy in the Senate has been to offer co-operation in the League of Nations it would be the greatest mistake to refuse that co-operation because conditions are attached to it, and when that co-operation is accepted let it not be accepted in a spirit of pessimism.

"The most vital considerations are that representatives should be appointed to the Council of the League of Nations by all the nations that are members of the Council; that these representatives should be men who are inspired by the ideals for which we entered the war, and that these representatives should be instructed and supported in that same spirit of equity and freedom by the governments and public opinion of the countries which are now partners in peace. If that be the spirit in which the Council of the League of Nations deals with the business that comes before it, there need be no fear that the representative of the United States on that Council will not take part in realizing the hopes with which the League has been founded.

#### Dominions' Right to Vote

"There is one particular reservation which must give rise to some difficulty in Great Britain and self-governing do-

minions. It is that which has reference to the six British votes in the Assembly of the League of Nations. The self-governing dominions are full members of the League. They will admit, and Great Britain can admit, no qualification whatever of that right. Whatever the self-governing dominions may be in the theory and letter of the Constitution, they have in effect ceased to be colonies in the old sense of the word. They are free communities, independent as regards their own affairs, and partners in those which concern the empire at large.

"It is a special status and there can be no derogation from it. To any provision which makes it clear that none of the British votes can be used in a dispute likely to lead to rupture in which any part of the British Empire is involved, no exception can be taken. That is only a reasonable interpretation of the Covenant as it now stands. If any part of the British Empire is involved in a dispute with the United States, the United States will be unable to vote, and all parts of the British Empire precisely, because they are partners, will be parties to that dispute and equally unable to vote. But as regards this right to vote where they are not parties to the dispute there can be no qualification and there is very general admission that the votes of the self-governing dominions would in most cases be found on the same side as that of the United States.

"It must not be supposed that in the United States there is any tendency to grudge the fact that Canada and the other self-governing dominions of the British Empire have votes, but any person with the smallest understanding of public audiences must realize the feeling created by the statement that the United States with several million more English-speaking citizens than there are in the whole of the British Empire has only one to six votes. I am not concerned to discuss here how this problem of equality of voting may be adjusted in practice; it will not be important. In sentiment and political feeling it is a very powerful factor. We can neither give way about the votes for the self-governing dominions nor can we ignore the real political difficulty in the United States.

"It may be sufficient to observe that the reservation of the United States, as far as known at the time of writing, does not in any way challenge the right of the self-governing dominions to exercise their votes, nor does it state that the United States will necessarily reject the decision to which those votes have been cast. It is therefore possible, I think it is even more than probable, that in practice no dispute will ever arise. Our object is to maintain the status of the self-governing dominions, not to secure a greater British than American vote, and we have no objection in principle to increase of the American vote.

"Your obedient servant, "GREY OF FALLODON."

#### TREATY AGAIN BEFORE SENATE

On February 9 the Senate, by a vote of 63 to 9, adopted a motion introduced by Senator Lodge, suspending the rules of the Senate and laying the treaty before the body. Democrats joined with Republicans in support of this motion, having been led to this amicable action in part by publication of correspondence between President Wilson and Senator Hitchcock. The nine Senators voting against reconsideration of the treaty were Borah, of Idaho; Brandegee, of Connecticut; France, of Maryland; Gronna, of North Dakota; Knox, of Pennsylvania; McCormick and Sherman, of Illinois; Norris, of Nebraska, and Poindexter, of Washington. By a *viva voce* vote the Senate agreed to rid itself of the authority of the cloture rule in such discussion as might follow the resumption of debate, and the treaty was then sent back to the Committee on Foreign Relations, with Senator Lodge as chairman, for such alterations in phraseology and amendment as the committee might recommend.

On February 8 Senator Hitchcock made public a letter written to him by the President, in which the Executive indicated that modification of the treaty, if made along

certain lines indicated by him, would not be deemed hostile to its intent or compel him to act disapprovingly.

On February 9 petitioners representing organizations claiming 50,000,000 adherents appeared in Washington and formally laid before the President (through his secretary) and before the leaders of the two main factions in the Senate a new appeal for quick action on the treaty along lines of compromise on reservations in dispute, which compromise, they said, had been made easier by the President's latest letter to Senator Hitchcock.

## THE PAN-AMERICAN FINANCIAL CONGRESS

The second Pan-American Financial Congress, which met in Washington January 19-24, and to which we made formal reference in the January issue, just before it adjourned, issued a series of recommendations to the lawmaking bodies of the several nations represented. Bolivia, Brazil, and Venezuela withheld assent to certain of the suggestions. The Congress's recommendations were as follows:

That the name of the International High Commission be changed to "The Inter-American High Commission," the better to indicate its constituency and sphere of work.

That the report of the transportation committee, recommending increased freight and passenger ocean service to South America, be transmitted to the United States Shipping Board for consideration and action.

That the recommendations dealing with railroad transportation, postal and telegraph facilities be sent to the Inter-American High Commission for action.

That the legislation of certain States of this country be so modified as to permit operation of branches of Latin-American banks within their jurisdiction under proper regulation, so as to secure equality of treatment.

That the Inter-American High Commission study possibility of securing uniformity and equality of treatment in laws regulating foreign corporations in Latin America.

That there be developed increased use of acceptances for the purpose of financial transactions involving import and export of goods. The hope is expressed that the United States will offer a widening market for long-time Latin-American securities.

That the Inter-American High Commission be asked to further establishment of an international gold fund, which plan already has been adopted by several South American republics.

That the Inter-American High Commission bring to the notice of the American governments the desirability of adopting a uniform law on the subject of checks.

That the Inter-American High Commission be asked to study the best method of avoiding simultaneous double taxation of individuals and corporations in Latin-American countries.

That the American countries which have not done so ratify the convention adopted by the International American Congress at Buenos Aires in 1910 for establishment of an international bureau at Havana for Registration of trademarks.

That American countries which have not done so ratify the convention adopted at Buenos Aires in 1910 concerning patents and copyrights.

That the Webb law be amended to permit American companies importing or dealing in raw materials produced abroad to form, under proper government regulations, organizations enabling such companies to compete on terms of equality with companies of other countries associated for the conduct of such business.

That the commercial attaché system be extended, with appropriate training for all branches of the foreign service, as a means of developing commercial relations.

That a simultaneous census be taken by all American

countries at least every 10 years, observing uniformity of statistics.

That the metric system of weights and measures be universally employed, and until such time as that is done articles marked by the standards used in the United States also be marked according to the metric system.

That the plan of arbitration of commercial disputes in effect between the Bolse de Comercio of Buenos Aires and the Chamber of Commerce of the United States be adopted by all the American countries.

That the Inter-American High Commission be asked to study the creation of an inter-American tribunal for the adjustment of questions of a commercial or financial nature involving two or more American countries and the determination of such questions by law and equity.

That the importation of raw materials into any country shall not be prevented by prohibitive duties.

That the banking interests of the United States study the possibility of financial relief to Europe by repaying Latin-American obligations held in Europe by means of new loans granted in the United States to the respective Latin-American countries.

## RUSSIA AND THE POWERS

### Blockade Partially Lifted—United States Withdraws Troops

On January 16th the Supreme Council, in Paris, issued the following official communique:

"With the view to remedy the unhappy situation of the people of the interior of Russia now deprived of all manufactured products, the Supreme Council, after taking note of a commission appointed to consider the reopening of certain trading relations with the Russian people, has decided that it would permit the exchange of goods on the basis of reciprocity between the Russian people and allied and neutral countries.

"For this purpose it has decided to give facilities to Russian co-operative organizations which are in direct touch with the people of Russia, so that they may arrange for the importation of clothing, medicine, agricultural machinery, and other necessities of which the Russian people are in sore need, to exchange for grain, flax, etc., of which the Russian people have surplus supplies.

"These arrangements imply no change in the policy of the allied governments toward the Soviet Government."

### THE UNITED STATES TO LEAVE SIBERIA

Supplementing previous correspondence, covering a period of many months, and indicating on both sides considerable uncertainty as to what the attitude of Japan and of the United States should be, either acting singly or jointly in eastern Siberia, the United States announced, January 16, that a communication had been sent to Japan in response to one laid before the Washington Government, December 8, by Japan's Ambassador. Comparison of views finally led up to a decision to withdraw the American troops from eastern Siberia, where relations between the Japanese and the American authorities, including the railway commission, have been at times quite strained. The letter added:

"It will be recalled that the purpose of the expedition, as originally conceived by the United States, and expressed in an aide memoire, handed to the Japanese Ambassador at Washington, July 17, 1918, were, first, to help the Czecho-Slovak troops, which had, during their retirement along the Siberian Railway, been attacked by the Bolsheviks and enemy prisoners of war in Siberia, to consolidate their forces and effect their repatriation by way of Vladivostok; and, second, to steady any effort at self-government or self-defense in which the Russians themselves might be willing to accept assistance.